

## Increased Taxes on Sales of Alcohol

### What are increased taxes on sales of alcohol?

The overall price of alcohol affects how much people will consume, which, in turn, affects the number of alcohol-related problems they will cause or experience. A primary way to make alcohol more expensive, and therefore discourage consumption, is by increasing taxes on it. Research indicates that raising the alcohol excise tax results in benefits, such as reduced medical costs, that outweigh the costs of implementing the tax increase.

### How do increased taxes on sales of alcohol reduce underage drinking and its consequences?

Higher priced alcohol makes it less accessible and appealing to youth. In addition, a landmark study in 2010 found strong evidence that raising alcohol excise taxes is effective in reducing excessive alcohol consumption and related harms.<sup>1</sup>

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<sup>1</sup> Elder, R. W., Lawrence, B., Ferguson, A., Naimi, T. S., Brewer, R. D., Chattopadhyay, S. K., et al. (2010). The effectiveness of tax policy interventions for reducing excessive alcohol consumption and related harms. *American Journal of Preventive Medicine*, 38(2), 217-229.

### How can my community take this action?

Take the following steps to initiate or increase taxes on sales of alcohol:

**Assess current tax rates in your State and learn about the Federal tax.** The alcohol in distilled spirits, wine, and beer is taxed at different rates at the Federal and State levels. In addition, liquor is usually taxed at much higher rates on a per-drink basis. In “control” States, where the State completely manages the sale of liquor and sometimes wine, the tax takes the form of a percentage markup on the wholesale price of the product. Thus, these revenues change automatically as inflation pushes up the wholesale price or as competition lowers prices. The actual collection of these taxes varies according to State law.

The following Web sites are sources for information to use in evaluating alcohol tax rates in your locale:

- ▶ Contact information for Alcohol Beverage Control Boards in the United States and Puerto Rico: <http://www.ttb.gov/wine/state-ABC.shtml>.
- ▶ Excise tax rates, by State, for distilled spirits, beer, and wine, as listed by the Federation of Tax Administrators: [http://www.taxadmin.org/fta/rate/tax\\_stru.html](http://www.taxadmin.org/fta/rate/tax_stru.html).

- ▶ Federal excise taxes on beer, wine, distilled spirits, and other alcohol: Taxes/Claims, Alcohol and Tobacco Tax and Trade Bureau, U.S. Department of the Treasury, [http://www.ttb.gov/tax\\_audit/taxes.shtml](http://www.ttb.gov/tax_audit/taxes.shtml).

**Conduct a campaign to increase taxes on sales of alcohol.** *State Alcohol Taxes and Health: A Citizen's Action Guide*, by the Center for Science in the Public Interest (CSPI), is a comprehensive resource that can guide your efforts. Download this resource from <http://www.cspinet.org/booze/tax.pdf>.

**Build community support for increased taxes on sales of alcohol from law makers, key stakeholders, and other community members.** Public awareness activities can help the community understand that when higher taxes on alcohol are in place, underage drinking and alcohol-related problems decrease.

**Measure and report successful outcomes.** Some measures of the effectiveness of alcohol sales tax increases are:

- ▶ Rates of youth motor vehicle crashes and injuries among those 16 and 17 years of age;
- ▶ Rates of arrests and convictions for drinking under the influence;
- ▶ Number and types of arrests for alcohol-related violations; and
- ▶ Actual price of alcohol.

### Resources Supporting Action

Centers for Disease Control and Prevention, *The Health Communicator's Social Media Toolkit*, from [http://www.cdc.gov/healthcommunication/ToolsTemplates/SocialMediaToolkit\\_BM.pdf](http://www.cdc.gov/healthcommunication/ToolsTemplates/SocialMediaToolkit_BM.pdf) (accessed January 31/2012).

Substance Abuse and Mental Health Services Administration, *Focus on Prevention*, from <http://store.samhsa.gov/shin/content/SMA10-4120.pdf> (accessed January 31, 2012).

U.S. Department of Education Higher Education Center for Alcohol, Drug Abuse and Violence Prevention, *Strategizer 37: Increasing Alcohol Taxes to Fund Programs to Prevent and Treat Youth-Related Alcohol Problems*, from <http://www.higheredcenter.org/services/publications/strategizer-37-increasing-alcohol-taxes-fund-programs-prevent-and-treat-youth-> (accessed January 31, 2012).